

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

January 30, 1997 LB 61

more than what you would have owed in corporate income tax, then you were going to pay your premium tax, and then if you had a \$200,000 CHIP assessment, you paid \$200,000 to CHIP and you paid \$300,000 to the premium tax. In recent years, we have had some companies who had more corporate income tax than premium tax. So they don't get a complete offset, and then they discovered for the first time that the offset for CHIPS as applied to the premium tax was not an offset for the corporate income tax so that although there was this assessment and hopefully it was going to be tax free, it wasn't and that we now have corporate income tax being paid and the CHIPS assessment not being honored in that context. The Revenue Committee has graciously agreed to hear, since this is not a bill, a special discussion of the topic at a special one o'clock meeting. In the end, I anticipate bringing back to this body that issue. It is on an insurance bill now. It probably ought to more properly be on this bill, and I may make an amendment to that effect. But either way, I don't want to catch anybody unawares and this is my chance to explain that issue. I appreciate the opportunity to do so, Senator Coordsen, and I close by saying I support the advancement LB 61 at this time.

PRESIDENT ROBAK: Thank you, Senator Landis. Is there any further discussion on the advancement of LB 61? Seeing none, Senator Coordsen to close. Thank you, Senator.

SENATOR COORDSEN: I know I am loud and you try to turn it down, but I am not quite that loud. The one thing that I forgot to mention, and, yes, Senator, I am glad he did indicate we are going to meet in Revenue Committee with Senator Landis and several of the people that are more knowledgeable in this particular area. One thing that I did forget to mention is that the insurance premium tax credit is only available to a company in their tax year. It is not able to be carried forward. And so the point of that is that many times, certainly in the property casualty field, a company may have a loss for income tax purposes in a year and not be able to avail themselves of the credit of insurance premium tax, they cannot carry that forward into the next tax year. It simply becomes an expenditure of money that is not available to them to recover. With that, Madam President, I would ask for the advancement of LB 61 to Select File.